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CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1779

Introduced by Assembly Member Galgiani
(Coauthors: Assembly Members Dickinson, Olsen, and Perea)
(Coauthors: Senators Cannella, Padilla, and Wolk)

February 21, 2012

An act to amend Sections 14031.8, 14070.2, *14070.4*, and 14070.6 of, and to repeal and add Article 5.4 (commencing with Section 14074) of Chapter 1 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1779, as amended, Galgiani. Intercity rail agreements.
Existing law authorizes the Department of Transportation to contract with Amtrak for intercity rail passenger services and provides funding

for these services from the Public Transportation Account. Existing law, until December 31, 1996, authorized the department, subject to approval of the Secretary of Business, Transportation and Housing, to enter into an interagency transfer agreement under which a joint powers board assumes responsibility for administering the state-funded intercity rail service in a particular corridor. Existing law, with respect to a transferred corridor, requires the board to demonstrate the ability to meet performance standards established by the secretary.

This bill would authorize the department, with approval of the secretary, to enter into interagency transfer agreements for additional intercity rail corridors, to be entered into between June 30, 2014, and June 30, 2015. The bill would require the agreements to cover the initial 3-year period after the transfer, and would authorize subsequent extensions by mutual agreement. If agreements are not entered into by that the expiration of that period, the bill would require the secretary to report to the Governor and the Legislature by June 30, 2016, as specified.

~~This bill would specifically authorize the department, with the approval of the secretary, to enter into an additional interagency transfer agreement to be entered into with respect to the San Joaquin Corridor, as defined, on or before December 31, 2014, if a joint powers authority and governing board are created and organized. In that regard, the bill would provide for the creation of the San Joaquin Corridor Joint Powers Authority, to be governed by a board of not more than 11 members. The bill would provide that the board shall be organized when at least 6 of the 11 agencies elect to appoint members. The bill would provide for the authority to be created when the member agencies enter into a joint powers agreement, as specified. The bill would provide for future appointments of additional members if the service boundaries of the San Joaquin Corridor are expanded.~~

~~This bill would permit the secretary to authorize the department to enter into an interagency agreement to transfer responsibility for administration or operations of the intercity rail service on a particular corridor to a joint powers agency if the secretary determines that such a transfer would result in cost reductions.~~

Existing law requires the level of service to be funded by the state pursuant to a transfer agreement to not be less than the current number of intercity round trips operated in a corridor and serving the same endpoints.

This bill would require the level of service funded by the state to remain the same during the first 3 years following the effective date of the transfer agreement, and would require the entity assuming responsibility for a corridor to provide that level of service. The bill would prohibit termination of feeder bus services except for specified reasons.

Existing law provides for the allocation of state funds by the secretary to a joint powers board under an interagency transfer agreement based on the annual business plan for the intercity rail corridor and subsequent appropriation of state funds. Existing law states that the interagency transfer agreement may provide that any additional funds required to operate the intercity rail service during a fiscal year shall be provided by a joint powers board from jurisdictions that receive service.

This bill, if local resources are made available for operating the intercity rail service, would require a vote of the local agency providing the resources, and would require the concurrence of the joint powers board in that regard.

~~This bill would authorize the secretary to adopt new performance standards by December 31, 2014, for intercity rail services relative to the San Joaquin Corridor. The bill would require the San Joaquin Joint Powers Authority to protect existing services and facilities and seek to expand service, as specified. The bill would prohibit the termination of feeder bus services for passengers utilizing state-supported passenger rail on the San Joaquin Corridor unless specified cost-effectiveness standards are not met, and would make other related changes.~~

Existing law authorizes the department and any entity that assumes administrative responsibility for passenger rail services through an interagency transfer agreement to contract with specified entities for the use of tracks and other facilities and for the provision of passenger rail services.

This bill would require a contractor under an agreement described above to agree that its labor relations shall be governed by a specified federal act relating to labor relations on railroads.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be cited as the
2 Intercity Passenger Rail Act of 2012~~for the San Joaquin Corridor.~~

3 SEC. 2. (a) The Legislature finds and declares all of the
4 following:

5 (1) An intercity rail passenger system, linking major urban
6 centers and complemented by feeder bus services that provide
7 access to outlying areas and destinations, is an important element
8 of the state's transportation system, and shall remain a state-funded
9 program.

10 (2) The state has a continuing interest in the provision of
11 cost-effective intercity rail passenger services and has a
12 responsibility to coordinate intercity rail passenger services
13 statewide.

14 (3) Since 1976, the state has invested over one billion eight
15 hundred million dollars (\$1,800,000,000) in capital improvements
16 and operating support for intercity rail passenger service and must
17 ensure the protection of that investment.

18 (4) Intercity rail service and ridership increases will result in
19 more jobs, improve air quality, and help promote sustainable
20 development.

21 (b) The Legislature, through the enactment of this act, intends
22 all of the following:

23 (1) The Secretary of Business, Transportation and Housing shall
24 be responsible for the overall planning, coordination, and budgeting
25 of the intercity passenger rail service.

26 (2) *If the secretary determines that transferring responsibility*
27 *for intercity passenger rail service in a particular corridor or*
28 *corridors to a statutorily created joint powers agency would result*
29 *in administrative or operating cost reductions, the secretary may*
30 *authorize the Department of Transportation to enter into an*
31 *interagency transfer agreement to effect a transfer of those*
32 *administrative functions, consistent with this act.*

33 ~~(2)~~

34 (3) Any intercity rail corridor for which administrative
35 responsibility has been transferred to a joint powers board through
36 an interagency transfer agreement shall remain as a component of
37 the statewide system of intercity rail corridors.

38 ~~(3)~~

1 (4) The public interest requires expansion of the state intercity
2 rail program in order to keep pace with the needs of an expanding
3 population.

4 ~~(4)~~

5 (5) For not less than a three-year period *following the effective*
6 *date of the interagency transfer agreement*, the level of state
7 funding for intercity rail service in each corridor ~~should~~ *shall* be
8 maintained at a level equal to at least the ~~current~~ level of service
9 *funded by the state in the corridor as of the effective date of the*
10 *interagency transfer agreement*, thus providing fiscal stability that
11 will allow appropriate planning and operation of these services.

12 SEC. 3. Section 14031.8 of the Government Code is amended
13 to read:

14 14031.8. (a) The Secretary of Business, Transportation and
15 Housing shall establish, through an annual budget process, the
16 level of state funding available for the operation of intercity
17 passenger rail service in each corridor.

18 (b) Where applicable, operating funds shall be allocated by the
19 secretary to the joint powers board in accordance with an
20 interagency transfer agreement that includes mutually agreed-upon
21 rail services. Funds for the administration and marketing of
22 services, as appropriate, shall also be transferred by the secretary
23 to the joint powers board, subject to the terms of the interagency
24 transfer agreement.

25 (c) The joint powers board or local or regional entities may
26 augment state-provided resources to expand intercity passenger
27 rail services, or to address funding shortfalls in achieving
28 agreed-upon performance standards. The joint powers board or
29 local or regional agencies ~~with regard to the San Joaquin Corridor~~
30 may identify and secure new supplemental sources of funding for
31 the purpose of expanding or maintaining intercity rail passenger
32 service levels, which may include state and federal intercity rail
33 resources. *Local resources may be available to offset any*
34 *redirection, elimination, reduction, or reclassification by the state*
35 *of state resources for operating intercity passenger rail services*
36 *identified in subdivision (b) only if the local resources are*
37 *dedicated by a vote of the local agency providing funds, with the*
38 *concurrence of the joint powers board.*

1 (d) The department may provide any support services as may
2 be mutually agreed upon by the joint powers board and the
3 department.

4 (e) Operating costs shall be controlled by dealing with, at a
5 minimum, the ~~current~~ Amtrak cost allocation formula, ~~which,~~
6 ~~beginning in federal fiscal year 2013–14, will be subject to Section~~
7 ~~209 of the federal Passenger Rail Investment and Improvement~~
8 ~~Act, and the ability to contract out to Amtrak or other rail operators~~
9 ~~as a part of federal legislation dealing with Amtrak reauthorization.~~

10 (f) (1) ~~Not later than December 31, 1997~~ *June 30, 2014*, the
11 secretary shall establish a set of uniform performance standards
12 for all corridors and operators to control cost and improve
13 efficiency.

14 (2) To the extent necessary, as determined by the secretary,
15 performance standards may be modified not later than ~~December~~
16 ~~31, 2014~~ *July 30, 2015*, ~~relative to including the San Joaquin~~
17 ~~Corridor among the corridors subject to an interagency transfer~~
18 ~~agreement or the effective date of the interagency transfer~~
19 ~~agreement, whichever comes first.~~

20 (3) Feeder bus services that provide connections for intercity
21 rail passengers ~~for the state-supported San Joaquin passenger rail~~
22 ~~service~~ shall not be terminated unless the bus services fail to meet
23 the cost-effectiveness standard described in paragraph (3) of
24 subdivision (a) of Section 14035.2.

25 SEC. 4. Section 14070.2 of the Government Code is amended
26 to read:

27 14070.2. (a) ~~If authorized by the secretary determines that~~
28 ~~transferring responsibility for intercity rail service in a particular~~
29 ~~corridor or corridors to a statutorily created joint powers agency~~
30 ~~would result in administrative or operating cost reductions, the~~
31 ~~secretary may authorize, the department may, through an~~
32 ~~interagency transfer agreement, to transfer to a joint powers board,~~
33 ~~and the board may assume, all responsibility for administering~~
34 ~~intercity passenger rail service in the corridor, including associated~~
35 ~~feeder bus service.~~ Upon the date specified in the agreement, the
36 board shall succeed to the department's powers and duties relative
37 to that service, except that the department shall retain responsibility
38 for developing budget requests for the service, *consistent with the*
39 *annual business plan as approved by the secretary for the service,*
40 through the state budget process, which shall be developed in

1 consultation with the board, and for coordinating service in the
2 corridor with other intercity passenger rail services in the state.

3 ~~(b) (1) Except as otherwise provided in paragraph (2), the An~~
4 ~~interagency transfer agreement shall may be executed on or before~~
5 ~~December 31, 1996 after June 30, 2014, but not later than June~~
6 ~~30, 2015, subject to negotiation and approval by the state and the~~
7 ~~board. The interagency transfer agreement between the department~~
8 ~~and the board shall cover the initial three-year period after the~~
9 ~~transfer, but may be extended thereafter by mutual agreement. If~~
10 ~~an interagency agreement is not entered into on or before June~~
11 ~~30, 2015, the secretary shall provide a report to the Governor and~~
12 ~~the Legislature on or before June 30, 2016, explaining why an~~
13 ~~acceptable agreement has not been developed, with specific~~
14 ~~recommendations for developing an acceptable interagency~~
15 ~~agreement.~~

16 ~~(2) With respect to the San Joaquin Corridor, if authorized by~~
17 ~~the secretary pursuant to subdivision (a), the interagency transfer~~
18 ~~agreement shall be executed on or before December 31, 2014. The~~
19 ~~interagency transfer agreement between the department and the~~
20 ~~San Joaquin Joint Powers Authority shall cover the initial~~
21 ~~three-year period after the transfer, but may be extended thereafter~~
22 ~~by mutual agreement.~~

23 (c) The secretary shall require the board to demonstrate the
24 ability to meet the performance standards established by the
25 secretary pursuant to subdivision (f) of Section 14031.8.

26 ~~(d) The San Joaquin Joint Powers Authority shall protect~~
27 ~~existing services and facilities and seek to expand service as~~
28 ~~warranted by ridership and available revenue.~~

29 SEC. 5. Section 14070.4 of the Government Code is amended
30 to read:

31 14070.4. (a) An interagency transfer agreement between the
32 department and a joint powers board, when approved by the
33 secretary, shall do all of the following:

34 (1) Specify the date and conditions for the transfer of
35 responsibilities and identify the annual level of funding *for the*
36 *initial three years following the transfer* and ensure that the level
37 of funding is consistent with and sufficient for the planned service
38 improvements within the corridor.

39 (2) Identify, for the initial year and subsequent years, the funds
40 to be transferred to the board including state operating subsidies

1 made available for intercity rail services in the corridor, and funds
2 currently used by the department for administration and marketing
3 of the corridor, with the amounts adjusted annually for inflation
4 and in accordance with the business plan.

5 (3) Specify the level of service to be provided, the respective
6 responsibilities of the board and the department, the methods that
7 the department will use to assure the coordination of services with
8 other rail passenger *and feeder bus* services in the state, and the
9 methods that the department will use for the annual review of the
10 business plan and annual proposals on funding and appropriations.

11 (4) Describe the terms ~~for transferring to of use by the joint~~
12 ~~exercise of powers agency board of~~ car and locomotive train sets;
13 and other equipment and property owned by the department and
14 required for the intercity service in the corridor, including, but not
15 limited to, the number of units to be provided, liability coverage,
16 maintenance and warranty responsibilities, and indemnification
17 issues.

18 (5) Describe auditing responsibilities and process requirements,
19 reimbursement and billing procedures, the responsibility for
20 funding shortfalls, if any, during the course of each fiscal year, an
21 operating contract oversight review process, performance standards
22 and reporting procedures, the level of rail infrastructure
23 maintenance, and other relevant monitoring procedures. ~~The~~
24 ~~description shall contain an evaluation of the impact of any transfer~~
25 ~~of equipment on other intercity corridors. The agreement shall~~
26 ~~endeavor to minimize the impact and maximize the efficient use~~
27 ~~of the equipment, including continued joint use of equipment that~~
28 ~~is currently shared by one or more corridors.~~

29 (b) Use of the annual state funding allocation, as set forth in the
30 interagency transfer agreement, shall be described in an annual
31 business plan submitted by the board to the secretary for review
32 and recommendation by April 1 of each year. The business plan,
33 when approved by the secretary, shall be deemed accepted by the
34 state. The budget proposal developed by the department for the
35 subsequent year shall be based upon the business plan approved
36 by the secretary. The business plan shall be consistent with the
37 interagency agreement and shall include a report on the recent as
38 well as historical performance of the corridor service, an overall
39 operating plan including proposed service ~~enhancement~~
40 *enhancements* to increase ridership and provide for increased

1 traveler demands in the corridor for the upcoming year, short-term
 2 and long-term ~~capital~~ *capital* improvement programs, funding
 3 requirements for the upcoming fiscal year, and an action plan with
 4 specific performance goals and objectives. The business plan shall
 5 document service improvements to provide the planned level of
 6 service, inclusion of operating plans to serve peak period work
 7 trips, and consideration of other service expansions and
 8 enhancements. *The initial business plan shall be consistent with*
 9 *the immediately previous plans developed by the department*
 10 *pursuant to Section 14036 and the January 2014 business plan*
 11 *developed by the High-Speed Rail Authority pursuant to Section*
 12 *185033 of the Public Utilities Code. Subsequent business plans*
 13 *shall be consistent with the immediately previous plans developed*
 14 *by the department and the authority. The business plan shall clearly*
 15 *delineate how funding and accounting for state-sponsored intercity*
 16 *rail passenger services shall be separate from locally sponsored*
 17 *services in the corridor. Proposals to expand or modify passenger*
 18 *services shall be accompanied by the identification of all associated*
 19 *costs and ridership projections. The business plan shall establish,*
 20 *among other things: fares, operating strategies, capital*
 21 *improvements needed, and marketing and operational strategies*
 22 *designed to meet performance standards established in the*
 23 *interagency transfer agreement.*

24 (c) Based on the annual business plan and the subsequent
 25 appropriation by the Legislature, the secretary shall allocate state
 26 funds on an annual basis to the board. As provided in the
 27 interagency agreement, any additional funds that are ~~required~~
 28 *needed* to operate the passenger rail service during the fiscal year
 29 shall be provided by the board from jurisdictions that receive
 30 service. In addition, the board may use any cost savings or farebox
 31 revenues to provide service improvements related to intercity
 32 service. In any event, the board shall report the fiscal results of the
 33 previous year's operations as part of the annual business plan.

34 (d) The level of service funded by the state *during the first three*
 35 *years following the effective date of the transfer agreement* shall
 36 in no case be less than the ~~current~~ number of intercity round trips
 37 operated in a corridor and serving the end points ~~currently~~
 38 *by the intercity rail corridor as of the effective date of the*
 39 *interagency transfer agreement.* Subject to Section 14035.2, the
 40 level of service funded by the state shall also include feeder bus

1 service with substantially the same number of route miles as the
2 current feeder system, to be operated in conjunction with the trains.
3 ~~However, the interagency agreement shall not prohibit the joint~~
4 ~~powers board from reducing the number of feeder bus route miles~~
5 ~~if the joint powers board determines that a feeder bus route is not~~
6 ~~cost effective as provided in Section 14035.2. For that same~~
7 ~~three-year period, the board shall continue to provide at least the~~
8 ~~same level of intercity rail and feeder bus services as were in~~
9 ~~operation on the effective date of the interagency transfer~~
10 ~~agreement, except that the interagency transfer agreement shall~~
11 ~~not prohibit the board from reducing the number of feeder bus~~
12 ~~route miles if the board determines that a feeder bus route is not~~
13 ~~cost effective as provided in Section 14035.2.~~

14 (e) Nothing in this article shall be construed to preclude
15 expansion of state-approved intercity rail service.

16 (f) *Local resources may be available to offset any redirection,*
17 *elimination, reduction, or reclassification by the state of state*
18 *resources for operating intercity rail services identified in*
19 *subdivision (b) only if the local resources are dedicated by a vote*
20 *of the local agency providing the funds, with the concurrence of*
21 *the board.*

22 ~~SEC. 5.~~

23 SEC. 6. Section 14070.6 of the Government Code is amended
24 to read:

25 14070.6. The department and any entity that assumes
26 administrative responsibility for intercity passenger rail services
27 through an interagency transfer agreement, may, through a
28 competitive solicitation process, contract with the National Railroad
29 Passenger Corporation (Amtrak) or with organizations not
30 precluded by state or federal law to provide intercity passenger
31 rail services, and may contract with rail corporations and other rail
32 operators for the use of tracks and other facilities and for the
33 provision of intercity passenger services on terms and conditions
34 as the parties may agree. The department is deemed to be a
35 third-party beneficiary of the contract, and the contract shall not
36 contain any provision or condition that would negatively impact
37 on or conflict with any other contracts the department has regarding
38 intercity passenger rail services. Any entity that succeeds the
39 department as sponsor of state-supported intercity passenger rail
40 services through an interagency transfer agreement is deemed an

agency of the state for all purposes related to intercity passenger rail services, including Section 5311 of Title 49 of the United States Code. If the intercity passenger rail service is operated by a contractor, the contractor shall, as a condition of entering into an operating agreement with the entity, agree that its labor relations shall be governed by the federal Railway Labor Act (45 U.S.C. Sec. 151 et seq.).

~~SEC. 6.~~

SEC. 7. Article 5.4 (commencing with Section 14074) of Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code is repealed.

~~SEC. 7.~~

SEC. 8. Article 5.4 (commencing with Section 14074) is added to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code, to read:

Article 5.4. San Joaquin Corridor

14074. As used in this article, the following terms have the following meanings:

(a) “Authority” or “San Joaquin Joint Powers Authority” means a joint exercise of powers agency formed under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 for purposes of assuming administrative responsibility for the San Joaquin Corridor under an interagency transfer agreement pursuant to Article 5 (commencing with Section 14070).

(b) “Board” means the governing board of the San Joaquin Joint Powers Authority established under Section 14074.2.

(c) “San Joaquin Corridor” or “corridor” means the Los Angeles-Bakersfield-Fresno-Stockton-Sacramento-Oakland intercity passenger rail corridor.

14074.2. (a) There shall be created the San Joaquin Joint Powers Authority Board, subject to being organized pursuant to the provisions of this article. Except as otherwise provided in subdivisions (b) and (c), the board shall be composed of not more than 11 members, as follows:

(1) One member of the board of directors of the Sacramento Regional Transit District, appointed by that board.

1 (2) One member of the board of directors of the San Joaquin
2 Regional Rail Commission, appointed by that board, who shall be
3 a resident of San Joaquin County.

4 (3) One member of the board of directors of the Stanislaus
5 Council of Governments, appointed by that board.

6 (4) One member of the board of directors of the Merced County
7 Association of Governments, appointed by that board.

8 (5) One member of the board of directors of the Madera County
9 Transportation Commission, appointed by that board.

10 (6) One member of the board of directors of the Fresno Council
11 of Governments, appointed by that board.

12 (7) One member of the board of directors of the Kings County
13 Association of Governments, appointed by that board.

14 (8) One member of the board of directors of the Tulare County
15 Association of Governments, appointed by that board.

16 (9) One member of the board of directors of the Kern Council
17 of Governments, appointed by that board.

18 (10) One member of the board of directors of a regional
19 transportation agency or rail transit operator that serves Contra
20 Costa County, appointed by the Contra Costa Transportation
21 Authority, who shall be a resident of the county.

22 (11) One member of a regional transportation agency or rail
23 transit operator that serves Alameda County, appointed by the
24 Board of Supervisors, who shall be a resident of the county.

25 (b) The board shall be organized when at least six of the agencies
26 described in paragraphs (1) to (11), inclusive, of subdivision (a)
27 elect to appoint a member to serve on the board prior to December
28 31, 2013. Once organized, those agencies described in paragraphs
29 (1) to (11), inclusive, of subdivision (a) that have not yet appointed
30 members to serve on the board may elect to appoint a member to
31 serve and be represented on the board at any time thereafter.

32 (c) If the rail service boundaries of the San Joaquin Corridor
33 are extended, an additional member from each additional county
34 receiving rail service may be added to the board pursuant to Section
35 14074.6.

36 (d) *The authority shall protect existing services and facilities*
37 *and seek to expand service as warranted by ridership and available*
38 *revenue.*

1 14074.4. The authority shall be created only if the agencies
2 that would be represented on the board enter into a joint exercise
3 of powers agreement to form the authority.

4 14074.6. The board shall make its decisions in accordance with
5 the votes of its members, with a majority vote required for all
6 matters with the exception of the approval of the business plan,
7 revisions to that plan, and the addition of new members pursuant
8 to subdivision (c) of Section 14074.2, which shall require a
9 two-thirds vote of the members.

10 14074.8. The Steering Committee of the Caltrans Rail Task
11 Force shall remain in existence. If a joint powers authority is
12 formed pursuant to this article and an interagency transfer
13 agreement is executed pursuant to subdivision (b) of Section
14 14070.2, the Steering Committee of the Caltrans Rail Task Force
15 shall become the Steering Committee of the San Joaquin Joint
16 Powers Authority for the purpose of advising the joint powers
17 board.